

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Sunfield District Library	County Eaton
Fiscal Year End December 31, 2005	Opinion Date May 3, 2006	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No reportable conditions encountered	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Richard L. Baldermann, CPA		Telephone Number 517-655-4772	
Street Address 1197 Wild Cherry Drive		City Williamston	State Zip MI 48895
Authorizing CPA Signature 		Printed Name Richard L. Baldermann, CPA	
		License Number 1101011385	

Sunfield District Library

**112 Main Street
P.O. Box 97
Sunfield, Michigan 48890
517566-8065**

District Library Board

**Beth Hynes, President
Linda Rairigh, Vice President
Sandy Wells, Treasurer
Kathy Sipperley, Secretary
Kim Duffield, Trustee
Mike Phillips, Trustee
Betty Mikols, Trustee
Diane Huyck, Trustee**

Ward MacCready, Director

**Sunfield District Library
December 31, 2005
TABLE OF CONTENTS**

	<u>Page</u>
AUDIT OPINION	
BASIC FINANCIAL STATEMENTS	
Management's Discussion and Analysis	1
Balance Sheet-Statement of Net Assets	3
Government Wide Statement of Activities	4
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	5
Notes to the Financial Statements	6
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule-General Fund	11
Budgetary Comparison Schedule-Memorial Fund	13

Richard L. Baldermann

Certified Public Accountant

1197 Wild Cherry Drive, Williamston, MI 48895

Office: (517) 655-4772

Cell Phone: (517) 896-2210



e-mail: rbaldermann@msn.com

INDEPENDENT AUDITOR'S REPORT

May 3, 2006

Sunfield District Library Board
112 Main Street
P.O. Box 97
Sunfield, Michigan 48890

Dear Board Members:

I have audited the accompanying basic financial statements of Sunfield District Library as of December 31, 2005 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Sunfield District Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Sunfield District Library as of December 31, 2005 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the Library's basic financial statements. The required supplemental information, budgetary comparison schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Richard L. Baldermann, CPA

Sunfield District Library

112 Main Street
P. O. Box 97
Sunfield, Michigan 48890

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide financial statements.

The Library as a Whole

The Library's combined net assets increased 1.5% from a year ago – increasing from \$120,297 to \$122,069. This was the result of continued strength in our property value growth. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities	
	2005	2004
Current Assets	\$129,049	\$128,353
Non-current Assets	208,020	216,944
Total Assets	<u>\$337,069</u>	<u>\$345,297</u>
Long-Term Debt		
Outstanding	\$215,000	\$225,000
Net Assets	<u>122,069</u>	<u>120,297</u>
	<u>\$337,069</u>	<u>\$345,297</u>
Invested in Capital Assets		
–Net of Debt	\$ (6,980)	\$ (8,056)
Unrestricted (Deficit)	<u>129,049</u>	<u>128,353</u>
Total Net Assets	<u>\$122,069</u>	<u>\$120,297</u>

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, increased by \$6,300 for the governmental activities. This represents a decrease of approximately .5%. The current level of unrestricted net assets for our governmental activities stands at \$129,049, or about 150% of expenditures. The following table shows the changes of the net assets as of the current date:

	Governmental Activities	
	2005	2004
Program Revenues		
Charges for Services	\$ 3,115	\$ 3,843
Fines and Forfeitures	13,683	12,533
Operating Grants and Contributions	3,742	4,250
General Revenues		
Property Taxes	61,260	61,260
Unrestricted Investment Earnings	1,229	703
Other Revenue	<u>4,549</u>	<u>2,950</u>
Total Revenue	<u>87,578</u>	<u>85,539</u>
Program Expenses		
Recreation and Culture	77,455	80,957
Interest on Long-Term Debt	<u>10,036</u>	<u>11,277</u>
Total Expense	<u>87,492</u>	<u>92,234</u>
Change in Net Assets	<u>\$ 87</u>	<u>\$ (6,696)</u>

The Library's net assets continue to remain healthy.

Governmental Activities

The Library's financial position neither deteriorated nor deviated significantly from budget projections. All projected revenue was received, and met or exceeded budget. There were no significant changes in our tax base. In fact, millage revenue slightly exceeded projected figures, which is customary.

The Library's Funds

The Library's funds financial statements begin on page 5, following the entity wide financial statements. The fund financial statements provide detailed information about the Library's funds, not the Library as a whole. The Library Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as memorial gifts to the Library. There are three funds, General Operating, Memorial, and Debt Service.

The General Fund pays for most of the Library's governmental services. The Memorial Fund is used for public, private, and memorial contributions made to the library. Many small or medium-sized capital asset projects are funded from the Memorial Fund, such as video racks, book stacks, new equipment, etc. Our Debt Service Fund is used strictly to pay our annual mortgage and is funded by a transfer of General Operating millage money from our General Fund.

General Fund Budgetary Highlights

One General Fund budget amendment was required at year-end to accommodate an increase in our Other Services & Charges expense, which was due to unanticipated fees for temporary clerical help to cover hours that would have been worked by a staff member who died in May, 2005.

Capital Asset and Debt Administration

Our only long-term debt obligation is our mortgage, whose payment was met on time and without a hitch, and is adequately provided for via our millage. Mindful of anticipated building maintenance and repair and tech upgrades, we continue to reserve funds for each in our General Fund bank accounts.

Economic Factors and Next Year's Budgets and Rates

In 2006 we plan to take advantage of any products our bank offers for our funds on deposit that maximizes the recent raise in rates of return; we expect to realize higher than projected millage revenue again in 2006 (county equalization projections used to budget revenue tend to be more conservative than what is actually received); we are monitoring expense carefully, especially utility increases (energy related) and necessary tech upgrades since our network has aged significantly and may require some repair or replacement very soon. In addition, I am very optimistic about the prospect of grant money for tech in 2006 as a result of my application to Microsoft's Gates Foundation. Finally, I am not aware of any condition that poses a need for significant change to the library financially, or operationally at this time. However, all relevant factors are monitored to provide for advanced and adequate planning in the event conditions dictate a change.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Library office at (517) 566-8065.

Sunfield District Library
Balance Sheet-Statement of Net Assets
December 31, 2005

Exhibit 1

	Balance Sheet Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash and investments (Note 4)	\$ 67,789	\$ -	\$ 67,789
Taxes Receivable	61,260	-	61,260
Capital assets-Net (Note 5)	<u>-</u>	<u>208,020</u>	<u>208,020</u>
Total assets	<u><u>129,049</u></u>	<u>208,020</u>	<u>337,069</u>
Liabilities			
Mortgage Payable		215,000	215,000
Deferred Revenue	61,260	(61,260)	-
Total liabilities	<u>61,260</u>		<u>215,000</u>
Fund Balances - Unreserved	<u>67,789</u>	<u>(67,789)</u>	-
Total liabilities and fund balance	<u><u>\$ 129,049</u></u>	<u>85,951</u>	
Net Assets			
Invested in capital assets-Net of Related Debt		(6,980)	(6,980)
Unrestricted		<u>129,049</u>	<u>129,049</u>
Total net assets		<u><u>\$ 208,020</u></u>	<u><u>\$ 337,069</u></u>

The Notes to Financial Statements are an Integral part of this statement.

Sunfield District Library
Government Wide Statement of Activities
For the Year Ended December 31, 2005

Exhibit 2

Functions/Programs Primary Government	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Fines and Forfeitures	Primary Government	
				Governmental Activities	Total
Recreation and Culture	77,455	\$ 3,115	\$ 13,683	\$ (56,915)	\$ (56,915)
Interest on Long-Term Debt	10,036			(10,036)	(10,036)
Total Governmental Activities	<u>\$ 87,492</u>	<u>\$ 3,115</u>	<u>\$ 13,683</u>	<u>(66,952)</u>	<u>(66,952)</u>
General Revenues					
Property Taxes				61,260	61,260
Unrestricted Investment Earnings				1,229	1,229
Miscellaneous				4,549	4,549
Total General Revenues				<u>67,038</u>	<u>67,038</u>
Change in Net Assets				87	87
Net Assets--Beginning				121,983	121,983
Net Assets--Ending				<u>\$ 122,069</u>	<u>\$ 122,069</u>

The Notes to Financial Statements are an integral part of this statement.

Sunfield District Library

Exhibit 3

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended March 31, 2005

	General Fund	Memorial Fund	Debt Service Fund	Total
Revenue				
Taxes	\$ 62,946			\$ 62,946
State Grants	2,242			2,242
Contributions from Local Units	1,500			1,500
Charges for Services	3,115			3,115
Fines & Forfeitures	13,683			13,683
Interest & Rents	1,179	\$ 49		1,229
Other Revenues	270	4,280		4,549
Total Revenue	84,935	4,329		89,264
Expenditures				
Personal Services	35,899			35,899
Supplies	12,007	1,880		13,887
Other Services & Charges	17,746			17,746
Capital Outlay		1,000		
Debt Service			\$ 20,036	20,036
Total Expenditures	65,651	2,880	20,036	88,567
Excess (deficiency) of revenue over expenditures	19,284	1,449	(20,036)	696
Other Financing Sources (Uses)				
Transfers to Other funds	(20,036)		20,036	-
Net Change in Fund Balance	(752)	1,449	(0)	696
Fund Balance-January 1, 2005	64,633	2,359	100	67,092
Fund Balance-December 31, 2005	<u>\$ 63,880</u>	<u>\$ 3,808</u>	<u>\$ 100</u>	<u>\$ 67,789</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance	\$ 696
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount of current period depreciation less current period capital outlay.	(8,924)
Governmental funds report taxes in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations; in the statement of activities, taxes are recognized when levied.	(1,685)
Governmental funds report debt principal payments as an expense; in the statement of activities, these payments reduce the liability.	10,000
Change in Net Assets of Governmental Activities	<u>\$ 87</u>

The Notes to Financial Statements are an Integral Part of this Statement.

Sunfield District Library
Notes to the Financial Statements
December 31, 2005

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sunfield District Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Library:

A. Reporting Entity

The Sunfield District Library is located within the village of Sunfield. It is operated by an eight-member Board and provides library services to residents of Sunfield Township and Sunfield Village. Under a separate agreement with the State of Michigan, the Library provides services to residents of Sebewa Township. The accompanying financial statements present the Sunfield District Library and its component units, entities for which the government is considered to be financially accountable. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Sunfield District Library. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. There are no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Sunfield District Library
Notes to the Financial Statements
December 31, 2005

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes- The Sunfield District Library property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the District as of the preceding December 31st. Although the Sunfield District Library 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Library's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations. The 2005 taxable valuation of the Sunfield District Library totaled \$48,953,500, on which ad valorem taxes levied consisted of 1.2514 mills for the Sunfield District Library operating purposes. These amounts are recognized in the General Fund financial statements as taxes receivable and deferred revenue.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

Sunfield District Library reports the following governmental funds:

The General Fund is the library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund-Memorial Fund is used to account for unrestricted memorial gifts given to the library.

The Debt Service Fund is used to account for the payment of the debt of the library.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed at the county level.

Sunfield District Library
Notes to the Financial Statements
December 31, 2005

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets--Capital assets, which include property, plant and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Library books, with an initial individual cost of less than \$1,000, are expensed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Furniture	10 years
Office Equipment	7 years
Computer Equipment	5 years

Long-Term Obligations-- In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance	\$ 696
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount of current period depreciation less current period capital outlay.	(8,924)
Governmental funds report taxes in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations; in the statement of activities, taxes are recognized when levied.	(1,685)
Governmental funds report debt principal payments as an expense; in the statement of activities, these payments reduce the liability.	<u>10,000</u>
Change in Net Assets of Governmental Activities	<u>\$ 87</u>

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and special revenue fund. All annual appropriations lapse at fiscal year end. The budget document presents information by line items. The legal level of budgetary control adopted by the governing body is the expenditure object (personal services, supplies, etc.) level, which is the level at which expenditures may not legally exceed appropriations.

Sunfield District Library
Notes to the Financial Statements
December 31, 2005

NOTE 4—DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Sunfield District Library Board has designated any insured bank, savings and loan association, savings bank or credit union with offices in Michigan for the deposit of Library funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all authorized vehicles in Michigan Compiled Laws, Section 129.91.

The Sunfield District Library's deposits and investment policy is in accordance with statutory authority.

<u>Deposits</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured (FDIC)	<u>\$67,738</u>	<u>\$67,678</u>
Total Deposits	<u>\$67,738</u>	<u>\$67,678</u>

NOTE 5—CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Subtotal				
Capital Assets Being Depreciated				
Buildings	230,000			230,000
Equipment	<u>27,659</u>	<u>1,000</u>		<u>28,659</u>
Subtotal	<u>257,659</u>	<u>1,000</u>		<u>258,659</u>
Less Accumulated Depreciation for				
Buildings	23,000	5,750		28,750
Equipment	<u>17,715</u>	<u>4,174</u>		<u>21,864</u>
Subtotal	<u>40,715</u>	<u>9,924</u>		<u>50,614</u>
Net Capital Assets Being Depreciated	<u>\$216,944</u>	<u>\$1,000</u>	<u>\$9,924</u>	<u>\$208,020</u>
Capital Assets--Net of Depreciation	<u>\$216,944</u>	<u>\$1,000</u>	<u>\$9,924</u>	<u>\$208,020</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Recreation and Culture	<u>\$9,924</u>
Total Governmental Activities	<u>\$9,924</u>

Sunfield District Library
Notes to the Financial Statements
December 31, 2005

NOTE 6—LONG-TERM DEBT

Sunfield District Library entered a mortgage with Ionia County National Bank on April 20, 2000 to provide for the acquisition and construction of the Library building. The mortgage was refinanced on August 1, 2003 in order to obtain a lower interest rate. The savings in cash flow as a result of the lower interest rate totaled \$28,730 with a present value savings of \$22,182. Cost associated with the refinancing was a Modification Fee of \$250 which was expensed in 2003.

Fiscal Year	Interest Rate	Principal Matures	Beginning Balance	Additions	(Reductions)	Ending Balance	Interest	Due Within One Year
31-Dec								
2005	4.4	1-May	10,000		\$ -10,000			
2006	4.4	1-May	10,000			10,000	9,653	\$10,000
2007	4.4	1-May	10,000			10,000	9,204	
2008	4.4	1-May	10,000			10,000	8,755	
2009	4.7	1-May	15,000			15,000	8,306	
2010	4.7	1-May	15,000			15,000	8,164	
2011	4.7	1-May	15,000			15,000	7,444	
2012	4.7	1-May	15,000			15,000	6,724	
2013	4.7	1-May	15,000			15,000	6,003	
2014	4.7	1-May	20,000			20,000	5,283	
2015	4.7	1-May	20,000			20,000	4,322	
2016	4.7	1-May	20,000			20,000	3,362	
2017	4.7	1-May	20,000			20,000	2,401	
2018	4.7	1-May	20,000			20,000	1,441	
2019	4.7	1-May	10,000			10,000	480	
			<u>\$225,000</u>		<u>\$ -10,000</u>	<u>\$215,000</u>	<u>\$ 81,542</u>	

NOTE 7—RISK MANAGEMENT

The Sunfield District Library is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Sunfield District Library has purchased commercial insurance for property and equipment damage and theft claims and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Sunfield District Library
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 4
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Beginning of year Fund Balance	\$ 60,000	\$ 60,000	\$ 64,633	4,633
Resources (Inflows)				
Taxes				
Millage	61,000	61,000	62,946	1,946
State Grants				
State Aid Recreation & Culture	2,100	2,100	2,242	142
Contributions from Local Units				
Village			1,500	1,500
Charges for Services	4,620	3,900		
Video Rental Fees			1,606	
Copies/Faxes/PC Services			1,120	(1,175)
Fines & Forfeitures	12,600	12,600		
Penal Fines - Ionia County			2,943	
Penal Fines - Eaton County			9,123	
Overdue Material Fines			1,618	1,083
Interest & Rents	600	1,320		
Savings Interest			381	
Cd Interest			799	
Confer Room Rental			390	249
Other Revenues	50	50		
Private Donations			124	
101-676 - Book/Magazine Reimb			25	
101-686 - Misc Rebates/Refunds			121	220
Amounts Available for Appropriation	140,970	140,970	149,568	8,598

Sunfield District Library
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 4
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Amounts Available for Appropriation	140,970	140,970	149,568	8,598
Charges to Appropriations (Outflows)				
Personal Services	41,051	41,051		
Gross Wages			33,347	
FICA			2,551	5,152
Supplies	2,250	14,000		
Office & Library Supplies			1,103	
PC Supplies			778	
Cleaning Supplies			210	
Maint & Repair Supplies			192	
Books			6,283	
Videos			962	
Magazines			803	
Audiobooks			1,677	1,992
Other Services & Charges	17,425	19,649		
Professional Services			6,224	
Co-op Membership			1,121	
Insurance			1,977	
Bank Service Charges			161	
Travel & Mileage			130	
Advertising & PR			127	
Utilities			3,843	
Maintenance & Repair			2,359	
Service Contracts			1,769	
Local Tax Assessments			35	1,903
101-970 - Capital Outlay	47,750	36,000		36,000
Other Financing Uses				
Transfers to Other funds	14,400	20,037	20,036	1
Total Charges to Appropriations	122,876	130,737	85,688	45,048
Budgetary Fund Balance December 31, 2005	\$ 18,094	\$ 10,233	\$ 63,880	\$ 53,646

Sunfield District Library
 Memorial Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Beginning of year Fund Balance	\$ 2,500	\$ 2,500	\$ 2,359	\$ (141)
Resources (Inflows)				
Interest & Rents	35	35		
Savings Interest			49	14
Huyck Mem CD Interest				
Other Revenues	3,500	3,500		
Public Donations-Friends			1,344	
Private Donations			51	
Memorials			2,485	
Huyck Memorial Fund			400	780
Amounts Available for Appropriation	<u>6,035</u>	<u>6,035</u>	<u>6,688</u>	<u>653</u>
Charges to Appropriations (Outflows)				
Supplies	1,500	1,650		
Summer & Craft Event Expense			1,210	
Maint & Repair Supplies			521	
Books			140	
Huyck Memorial Books			10	(230)
Capital Outlay	<u>2,150</u>	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>
Total Charges to Appropriations	<u>3,650</u>	<u>3,650</u>	<u>2,880</u>	<u>770</u>
Budgetary Fund Balance December 31, 2005	<u>\$ 2,385</u>	<u>\$ 2,385</u>	<u>\$ 3,808</u>	<u>\$ (1,423)</u>